

## **California Energy Action Plan**

# **Qualifying Facilities/Cogeneration Projects in California**

### **STATUS REPORT**

**James Hendry**

**Wade McCartney**

**California Public Utilities Commission**

## California Energy Action Plan

# 1/3 of QF Capacity Under Contract Expires by 2010

### Expiring QF Contract Capacity

	2005	2006	2007	2008	2009	2010
PG&E QFs	0%	1%	6%	8%	19%	23%
SCE QFs	1%	11%	11%	31%	38%	43%
SDG&E QFs	0%	0%	0%	0%	0%	0%
Combined QFs	1%	6%	8%	19%	28%	32%

# Current Policy to keep Existing QFs Operating

- Utilities required to sign five-year SO1 contracts with QFs with contracts expiring prior to 2006
- Longer-term contract provides incentives to “encourage efficiency upgrades to existing facilities.”
- QFs continue to receive existing Short-run Avoided Cost (SRAC) price until PUC determines new SRAC

### Available Choices for Expiring QFs

1. Voluntary participation in utility competitive bidding processes
2. Renegotiation by the QF and the IOU on a case-by-case basis
3. Five-year SO1 contracts

## California Energy Action Plan

# Near-Term Policy Actions in Procurement Proceeding

### Utilities required to:

- Show the amount of baseload power provided by QFs;
- Plans to continue meeting those needs with existing/new QF resources;
- Describe how to meet PURPA obligations and allow for long-term QF contracts to facilitate upgrades; and
- Assess the amount of QF capacity that might leave the system...(ACR, R.04-04-003, 6/4/2004, p.10)

## California Energy Action Plan

### QF Pricing issues being addressed

- PUC developing consistent “avoided cost” methodology (R.04-04-025) for use in all proceedings
- Avoided cost methodology will apply to QFs consistent with federal (PURPA) and state (PU Code 390) requirements
- Goal is to ensure we don’t overpay/underpay QFs